

**BOARD OF ECONOMIC DEVELOPMENT
RAMKOTA HOTEL, 1901 9TH AVE. SW, WATERTOWN, SD
WEDNESDAY, SEPTEMBER 11, 2013 – 1:30 PM**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein , Sharon Casey, John Calvin, Tom Burchill, Mike Luken, Greg Heineman, Tim Kessler, Ted Hustead, Don Kettering, Pat Prostrollo, Bruce Rampelberg, Tom Jones

Staff Present

Commissioner Pat Costello, Kim Easland, Cherissa Nielson, Travis Dovre, Steve Watson, Alissa VanMeeteren, Mike Turnwall, Ryan Budmayr, Hunter Roberts, Mary Cerney, Mary Lehecka Nelson, Joe Fiala, Mike Snyders

Other Staff Present

Mandy Kuipers- Bank West, Inc.
Tim Engel- May, Adam, Gerdes & Thompson, LLP

Others Present

Beth Davis- Dakota Resources
Dick Werner- State Legislator

Call to Order

Chairman Erickson called the meeting to order at 1:30 PM.

Agenda

A motion was made by Pat Prostrollo and seconded by Greg Heineman to approve the agenda as presented.

Motion passed by a unanimous voice vote.

Minutes

A motion was made by Tim Kessler and seconded by Tony Klein to approve the minutes of August 13, 2013 and August 30, 2013 as presented.

Motion passed by a unanimous voice vote.

Grant Committee

A motion was made by Mike Luken and seconded by Don Kettering to establish a grant committee to review the grant applications for Local Infrastructure, Economic Development Partnership and SD Jobs grant programs. The grant committee shall consist of three to five regular members of the board appointed by the chairman, plus two of the ex-officio members chosen by the ex-officio members.

Motion passed by a unanimous voice vote.

Election of Vice-Chairman

A motion was made by Tony Klein and seconded by Ted Hustead to establish the position of vice-chairman to perform the duties of the chairman during his absence and to perform such other duties as assigned by the chairman and to appoint Tim Kessler to serve as vice-chairman.

Motion passed by a unanimous voice vote.

Local Infrastructure Improvement Award Policy

A motion was made by Don Kettering and seconded by John Calvin to adopt the Local Infrastructure Improvement Award Policy as presented
Motion passed by a unanimous voice vote.

Economic Development Partnership Awards for Staff Training and Equipment Purchases

A motion was made by Ted Hustead and seconded by Pat Prostrullo to adopt the Economic Development Partnership Award Policy for Staff Funding as presented.
Motion passed by a unanimous voice vote.

Economic Development Partnership Awards for Revolving Loan Funds

A motion was made by Ted Hustead and seconded by Pat Prostrullo to adopt the Economic Development Partnership Award Policy for Revolving Loan Funds as presented.
Motion passed by a unanimous voice vote.

Executive Session

A motion was made by Pat Prostrullo seconded by Tom Burchill to enter into executive session at 2:07 pm to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.
Motion passed by a unanimous voice vote.

Executive Session Report

The Chairman declared the board out of executive session at 4:00 p.m. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss commercial and financial information relating to loan and other assistance to applicants.

A motion was made by Tim Kessler and seconded by Tom Burchill to approve the chairman's report from executive session.
Motion passed by a unanimous voice vote.

Loan Reviews

A motion was made by Dale Clement and seconded by Pat Prostrullo to approve the loan reviews and recommendations as presented for the following borrowers:

PEDCO/Eagle Creek
Yankton Area Progressive Group/L&M Radiator
Lake Area Improvement Corp

Motion passed by a unanimous voice vote.

Old Business

Aberdeen Development Corporation

A motion was made by Tom Burchill and seconded by Ted Hustead to approve staff's recommendation on request for extension as presented.
Motion passed by a unanimous voice vote.

New Business

Auto Trac, Inc.

A motion was made by Tom Burchill and seconded by Pat Prostrollo to table the application.

Motion passed by a unanimous voice vote.

T&B Properties, LLC

No action taken. Application withdrawn by borrower.

Novita Aurora, LLC

A motion was made by Don Kettering and seconded by Greg Heineman to approve the Reinvestment Payment application of Novita Aurora, LLC as follows:

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$771,082, but not to exceed 60% of the State Sales and Use Tax paid on eligible project costs, is approved for Novita Aurora, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a unanimous voice vote.

Local Infrastructure Grant Applications

Brookings County

A motion was made by Tim Kessler and Greg Heineman to approve a Local Infrastructure Improvement grant award to Brookings County in the amount of \$400,000.00 as presented by staff, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a unanimous voice vote.

City of Harrisburg

A motion was made by Ted Hustead and seconded by Pat Prostrollo to deny a Local Infrastructure Improvement grant award to the City of Harrisburg.

Motion passed by a unanimous voice vote.

City of Sturgis

A motion was made by Pat Prostrollo and seconded by Dale Clement to approve a Local Infrastructure Improvement grant award to the City of Sturgis in the amount of \$244,357.00 as presented by staff, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a unanimous voice vote.

City of Alexandria

A motion was made by John Calvin and seconded by Sharon Casey to approve a Local Infrastructure Improvement grant award to the City of Alexandria in the amount of \$50,300.00 as presented by staff, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a unanimous voice vote.

City of Box Elder, City of Belle Fourche, City of Wagner and City of Canton

A motion was made by Tom Burchill and seconded by Greg Heineman to deny the Local Infrastructure Improvement grant applications of the City of Box Elder, the City of Belle Fourche, the City of Wagner and the City of Canton.

Motion passed by a unanimous voice vote.

Economic Development Partnership Grant Applications

A motion was made by Sharon Casey and seconded by Mike Luken to approve the Economic Development Partnership Grant applications as follows:

Belle Fourche Development Corporation

Approve an Economic Development Partnership grant award to the Belle Fourche Development Corporation in the amount of \$103,000.00 to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

Southern Hills Economic Development Corporation

Approve an Economic Development Partnership grant award to the Southern Hills Economic Development Corporation in the amount of \$56,900.00 to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

Bison Area Economic Development Corporation

Approve an Economic Development Partnership grant award to the Bison Area Economic Development Corporation in the amount of \$32,700.00 to be granted in accordance with the board's Economic Development Partnership Award Policy for Staff Funding.

Grow South Dakota (RLF)

Approve an Economic Development Partnership grant award (RLF) to Grow South Dakota in the amount of \$100,000.00 to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Motion passed by voice vote with Don Kettering voting no.

Arlington Community Development Corporation, De Smet Development Corporation and De Smet Development Corporation (RLF)

A motion was made by John Calvin and seconded by Ted Hustead to table the grant applications of Arlington Community Development Corporation, De Smet Development Corporation and De Smet Development Corporation (RLF).

Motion passed by a unanimous voice vote.

Sturgis Economic Development Corporation (RLF), Heart of the Hills Economic Development Corporation, Centerville Development Corporation, Lead Area Chamber of Commerce, Grant County Development Corporation and City of Wagner

A motion was made by Pat Prostrullo and seconded by Ted Hustead to deny the Economic Development Partnership grant applications of the Sturgis Economic Development Corporation (RLF), Heart of the Hills Economic Development Corporation, Centerville Development Corporation, Lead Area Chamber of Commerce, Grant County Development Corporation and City of Wagner as recommended by staff in the board packet.

Motion passed by a unanimous voice vote.

Electronic Systems, Inc.

A motion was made by Tom Burchill and seconded by Tim Kessler to approve the South Dakota Jobs grant application of Electronic Systems, Inc. as follows:

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$28,000, but not to exceed 50% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Electronic Systems, Inc. The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule. Motion passed by a unanimous voice vote.

Bills

A motion was made by Tim Kessler and seconded by Tom Burchill to approve the bills payable to BankWest, Inc. in the amount of \$11,000 for the August Servicing and May, Adam, Gerdes & Thompson, LLP in the amount of \$1,138.53 and \$1,573.00 for Legal Work.

Motion passed by a unanimous voice vote.

Adjourn

A motion was made by Tony Klein and seconded by Pat Prostrullo to adjourn the meeting at 4:25 p.m.

Motion passed by a unanimous voice vote.



Dale Clement, Secretary or
Tony Klein, Treasurer